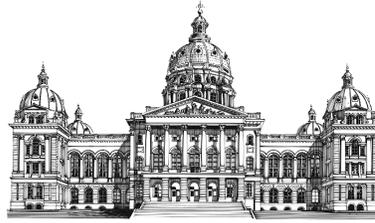

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
July 8, 1998

The Iowa Plan for Behavioral Health

ISSUE

The Iowa Plan for Behavioral Health is a contract for managed care service provision of Medicaid mental health services; Medicaid and Department of Public Health substance abuse treatment services; and services for mental health State cases. The new contract is effective January 1, 1999.

AFFECTED AGENCIES

Department of Human Services
Iowa Department of Public Health
Counties administering mental health services
Counties participating in child welfare funding decategorization

CODE AUTHORITY

Chapter 172, Section 11(1) and (3), 1993 Iowa Acts
Chapter 1212, Section 5(3), 1996 Iowa Acts
Chapter 1213, Section 3(3.7) and Section 4(2), 1996 Iowa Acts
Senate File 2410 (Human Services Appropriations Act of 1998)

BACKGROUND

There are currently two distinct contracts for the managed care service provision of Medicaid mental health services and Medicaid and the Department of Public Health substance abuse treatment services.

- **Mental Health Access Plan (MHAP)** - The current mental health managed care contract, known as the Mental Health Access Plan, was implemented in March 1995, providing a capitated payment to the contractor under a federal Medicaid Section 1915(b) waiver for services provided to enrolled Medicaid beneficiaries. The Plan was awarded to Medco Behavioral Care Corporation of Iowa, now Merit Behavioral Health Care Corporation of Iowa, and administered by the Department of Human Services (DHS). The original contract was for a two-year and optional third-year period. The contract has been extended through December 31, 1998, to accommodate the public input process which has been a significant part of designing the Iowa Plan.

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- **Iowa Managed Substance Abuse Care Plan (IMSACP)** - The current substance abuse treatment managed care contract, known as the Iowa Managed Substance Abuse Care Plan, was implemented in September 1995. A contract was signed with the National Council on Alcoholism and Other Drug Dependencies, now Employee and Family Resources, for a two-year and optional third-year period. The Plan combines Medicaid, State, and federal substance abuse block grant treatment funds under a single statewide contract jointly administered by the DHS and the Iowa Department of Public Health. Each Department distinctly funds and has specific service requirements for its population. For Medicaid services, the IMSACP contract is a capitated, at risk plan to provide managed substance abuse treatment under a federal Medicaid Section 1915(b) waiver for enrolled Medicaid beneficiaries. For Iowa Department of Public Health funded services, the contractor provides certain administrative services and contracts with providers for at risk, provider managed services. The DHS is in the process of extending and renewing the Medicaid waiver.

Contract Finances - The new contract is estimated to include approximately \$82.7 million in State and federal funds. The total included in the Iowa Plan combines an estimated \$65.0 million of Medicaid State and federal funds for both mental health and substance abuse treatment of Medicaid eligible individuals, \$15.0 million of Iowa Department of Public Health substance abuse State and federal block grant funds, and \$2.7 million in State General Fund appropriations for mental health State cases.

Savings and Profit Estimates - The DHS has set the Medicaid capitation payment at 96.0% of the cost which actuaries projected would be incurred in the absence of a managed care plan. This brings a "savings" to the State of an estimated \$3.0 million, assuming the contractor earns the full \$1.0 million available in performance incentive payments structured within the RFP. The Iowa Plan provides funds for service claims and development of new services. Any profit to the contractor must be a portion of the administrative fund, which is a fixed amount of the capitated payment. The Iowa Plan RFP specifies that combined administration and profit may not exceed 15.0% for the Medicaid portion of the contract, and may not exceed 5.0% for administration of Iowa Department of Public Health substance abuse services. Any financial penalties assessed for nonperformance will be available for new service development.

Numbers of Clients Served - The following table illustrates utilization of mental health and substance abuse services by Medicaid eligibility category for the first two years of each contract. (Please note in comparing Contract Year One and Contract Year Two for the Iowa Managed Substance Abuse Care Plan, that Contract Year One has only 10 months of utilization data):

Managed Behavioral Health Care Utilization by Contract

Contract	Category	Contract Year One*			Contract Year		
		Eligibles	Clients Served	% of Eligibles Served	Eligibles	Clients Served	% of Eligibles Served
MHAP	FIP < age 19	139,457	10,041	7.20%	144,420	11,396	7.89%
	FIP age 19+	68,095	6,511	9.56%	68,926	6,907	10.02%
	SSI < age	9,091	2,290	25.19%	9,555	2,674	27.99%
	SSI age 19+	21,604	6,093	28.20%	22,291	6,582	29.53%
	Medicare						
	Dual	15,063	2,291	15.21%	15,236	2,526	16.58%
	Unknown	<u>1,048</u>	<u>504</u>	<u>48.09%</u>	<u>249</u>	<u>113</u>	<u>45.38%</u>
Total	<u>254,358</u>	<u>27,730</u>	10.90%	<u>260,677</u>	<u>30,198</u>	11.58%	
IMSACP	FIP < age 19	139,457	656	0.47%	153,225	930	0.61%
	FIP age 19+	68,095	1,526	2.24%	73,171	2,059	2.81%
	SSI < age	9,091	119	1.31%	10,065	275	2.73%
	SSI age 19+	21,604	661	3.06%	21,962	814	3.71%
	Medicare						
	Dual	15,063	211	1.40%	14,407	255	1.77%
	Unknown	<u>1,048</u>	<u>26</u>	<u>2.48%</u>	<u>39</u>	<u>21</u>	<u>53.85%</u>
Total	<u>254,358</u>	<u>3,199</u>	1.26%	<u>272,869</u>	<u>4,354</u>	1.60%	

MHAP = Mental Health Access

IMSACP = Iowa Managed Substance Abuse Care

FIP = Family Investment Plan

SSI = Supplemental Security Income

* Contract Year One for MHAP is March 1, 1995, through February 29,

* Contract Year Two for MHAP is March 1, 1996, through February 28,

** Contract Year One for IMSACP is September 1, 1995, through June 30, 1996 (10

** Contract Year Two for IMSACP is July 1, 1996, through June 30.

CURRENT SITUATION

The following implementation timeline for the Iowa Plan for Behavioral Health includes reference to process steps already taken and future events as scheduled:

- May 15, 1997 Draft Request For Proposals (RFP) or notice circulated to interested parties for public comment
- July 15, 1997 Comments on draft RFP due back to the DHS

- September 12, 1997 Second draft RFP or notice circulated to interested parties; comment period open indefinitely
- January 20, 1998 Child Welfare work group's recommended delinking of child welfare services from the Iowa Plan due
- February 1, 1998 Child Welfare work group's recommended strategies to develop a more flexible and holistic system for child welfare and juvenile justice services due
- March 25, 1998 RFP issued
- April 9, 1998 Bidders' Conference to answer questions from potential bidders
- April 16, 1998 Letters of Intent to Bid due to the DHS
- May 20, 1998 Closing date for receipt of proposals
- June 25 & 26, 1998 Evaluator panel recommendation to Directors
- July 9, 1998 Award notice issued
- July 10, 1998 Preimplementation period begins
- January 1, 1999 Iowa Plan two-year contract period begins

Bid Evaluation Process - Although there were six corporations submitting letters of intent to bid to the DHS (**Attachment A**), only two actual proposals were received. The proposals received were submitted by Value Behavioral Health, Inc., and Merit Behavioral Care Corporation of Iowa. In response to legislative direction in HF 715 (Human Services Appropriations Act of 1997), the RFP included options for either statewide or regional bids to be submitted. Both proposals were statewide bids, but included elements of regionalization. **Attachment B** identifies the regions included in the RFP and lists Iowa counties by region.

The process for evaluation of the submitted proposals included appointment of an evaluator panel of non-department individuals (panel membership is provided in **Attachment C**). Panel members were given copies of the Request For Proposals, each proposal submitted, an evaluation tool prepared by Bailit Health Purchasing of Massachusetts, and evaluation instructions. Section 8 of the RFP, entitled Evaluation of Proposals, which details the process, is included as **Attachment D**. The evaluation panel met for two days, reviewed each proposal independently by subsection, and made comparisons between proposals for cost components as required by the evaluation tool. The panel gave verbal recommendations to the directors of the DHS and the Iowa Department of Public Health on June 26, 1998. The recommendations of the panel were reviewed by panel members, and will be available as a public document when the contractor is announced.

The Directors of the DHS and the Iowa Department of Public Health are anticipating announcement of the contractor for the Iowa Plan for Behavioral Health on Thursday, July 9.

ALTERNATIVES

Contract Terms - The contract is for a two-year period and includes three optional extension periods of up to one year each. Any changes in the provision of services or administrative policies recommended by the Legislature may be included in the contract if agreed upon by the contractor

and the State. If significant changes are mandated, the DHS may elect to initiate the RFP process, although at some cost to the State. Expenses approximated \$60,000 for the Iowa Plan. Expenses and opportunity costs to go through the process include:

- Evaluators and associated expenses
- Consultant costs (about \$35,000 for the Iowa Plan excluding writing the RFP)
- Printing and mailing costs.

Opportunity costs would also include staff time that could have been spent on other things. Additionally, if the contract is awarded to a contractor other than the incumbent contractor, there are start-up costs and transition issues with potential impacts on the State.

State Administrator - Eliminate administrative contractor and have the State contract directly with service providers in a managed care environment. Administrative issues and costs involved would minimally include additional staff for quality assurance, service authorization, and claims payment.

Performance Indicator Penalties - Set performance indicators based on distinct mental health and substance abuse populations, for example, the number of homeless, rehospitalization rates, suicides or attempted suicides among eligibles, and numbers of clients decertified from hospitalization. Action required for failure to meet performance measures could be specified. Some performance indicators carrying financial penalties were included in the RFP and are specified in **Attachment E**.

Regionalization - Expand the regionalization concept, requiring the chosen contractor of the RFP to develop a plan for regionalization in the future, and base contract rewards or penalties on the implementation of the regional plan.

Child Welfare - An interface with Child Welfare and Juvenile Justice Services is referenced in the RFP, including required specification of how the contractor will share data, incorporation of future Child Welfare work group recommendations, and inclusion of hold children harmless provisions in areas of service contention. In the second form of the draft RFP, Medicaid Rehabilitative, Treatment and Support (RTS) services were included in the Iowa Plan for Behavioral Health. An **Issue Review** titled "History of Child Welfare Treatment Services Paid by the Medical Assistance Program", published January 9, 1998, provides a detailed description of the interface between Medical Assistance and Child Welfare Services.

BUDGET IMPACT

Capitated Environment: A capitated environment ensures that a fixed amount of resources will be passed on to the administrator of the managed care contract, with the contractor assuming risk for case cost growth. If the State becomes the administrator, the State must be prepared to accept the risk for increased costs. Although this is a potential budget impact which can not be quantified at this time, policy makers should consider potential financial risks and the impact of escalated costs on motivations of the contractor and providers, as well as costs to the State.

Potential Federal Audit of Rehabilitative Treatment and Support (RTS) Services - The Health Care Financing Administration (HCFA) has been actively involved in the Child Welfare work group to identify options to prevent the necessity of a HCFA audit of Rehabilitative Treatment and Support (RTS) services in Iowa. Issues involve medical necessity, provision of services to Medical Assistance eligibles only rather than to family members, and provision of services of a habilitative rather than rehabilitative nature. If HCFA requires a financial audit, a detailed review of documents might reveal the inappropriate use of federal Medicaid funds for services not specifically included in the federal regulations. The HCFA would then have authority to ask for reimbursement of the

improperly allocated federal funds (a disallowance or return of funds previously spent). The audit would also reduce the annual estimate of federal Medicaid funds available for RTS services by a like amount in the future. According to the DHS, the likely range of impact is between \$2.0 and \$8.0 million annually, although specific fiscal impact is impossible to determine without a detailed review of provider and DHS records. Other child welfare issues include expansion of a future contract to include Psychiatric Medical Institutions for Children (PMIC) for mental health services. Currently, PMIC services are reimbursed under a fee-for-service payment system. Additionally, there is potential overlap and thus potential cost shift between PMIC and other child mental health services for which the contractor is responsible. State General Fund allocations for PMIC in FY 1999 are \$6.0 million. Total funds budgeted for FY 1999, including federal match, are \$16.4 million. The Legislature specifically prohibited inclusion of PMIC in the Iowa Plan for Behavioral Health in SF 2410 (Human Services Appropriations Act of 1998) per the Child Welfare work group recommendation.

Reinvestment Strategies versus General Fund Savings - Typical managed care contractual provisions allow some or all expenditures saved to be retained by the contractor. In the current Mental Health Access Plan, for example, 80.0% of savings is returned to the State while Merit Behavioral Care Corporation retains 20.0% of savings. Opposition to traditional managed care has voiced concern that retention of savings creates an incentive to underserve clients. In the Iowa Plan Behavioral Health RFP, the capitation rate is fixed (**Attachment F**) within the contract. Any profits are funded through the administrative fund only. Any additional savings achieved through provision of services, such as a process of reducing residential care and establishing an outpatient alternative, are required to be transferred quarterly into a Community Reinvestment Fund. The managed care contractor has the responsibility of determining service gaps and creating alternative services with use of monies in the Fund. Alternative strategies could include:

- State management of the Fund.
- Contractual requirement returning a portion of the savings to the General Fund.
- Allowing the contractor to achieve profits through service efficiencies rather than through administrative savings.

STAFF CONTACT: Margaret Buckton (Ext. 17942) Deb Anderson (Ext. 16764)

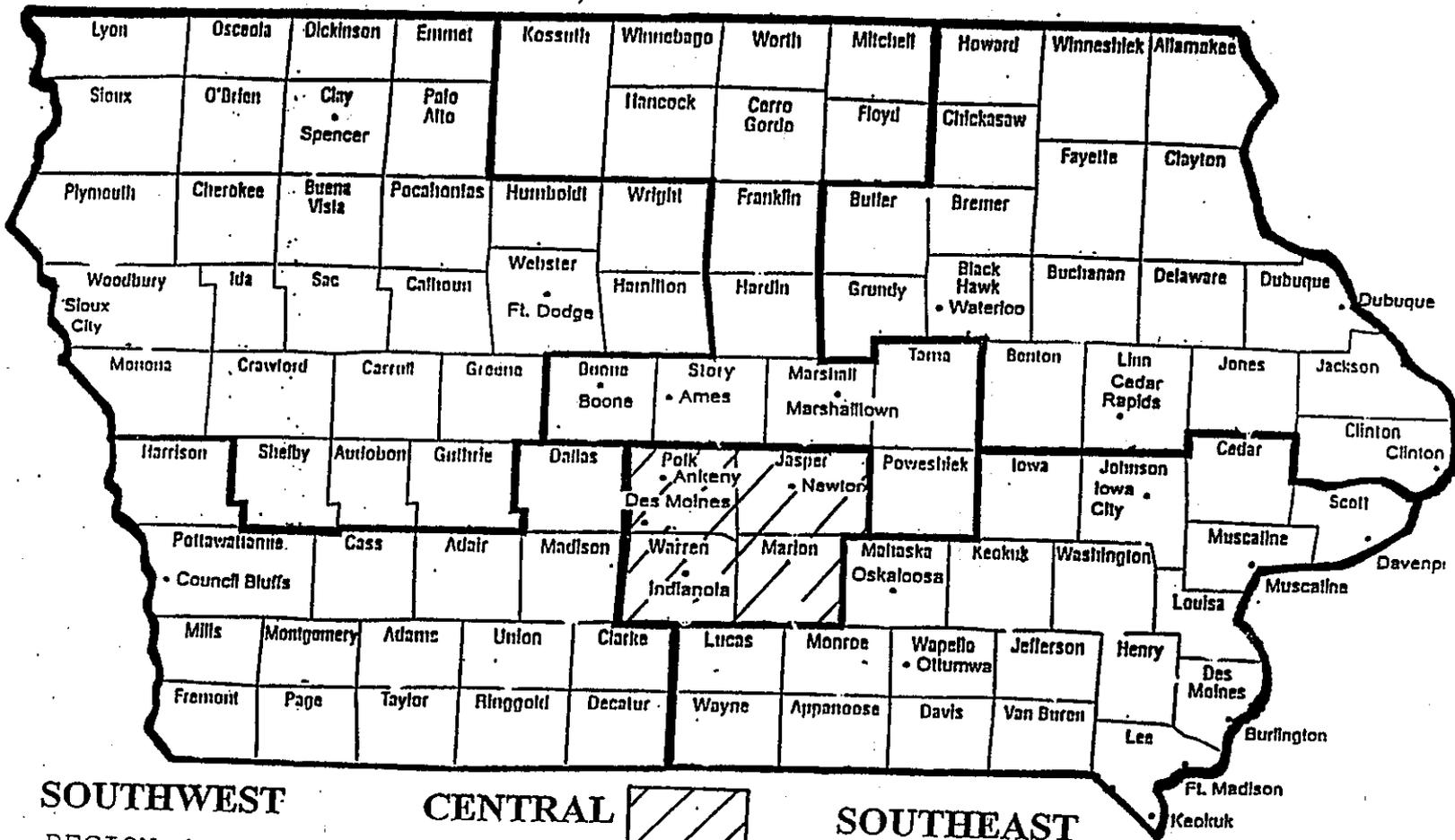
ORGANIZATIONS SUBMITTING LETTERS OF INTENT TO BID
on the Request for Proposals for the
Iowa Plan for Behavioral Health
April, 1998

Bidder	Region(s)	Contact Person & Title	Contact Address	Contact Telephone	Contact Fax
American Psych Systems	Statewide 1,2,3,4,5,6	Karen Hoehn Director, Public Sector Development	6705 Rockledge Drive, Suite 200 Bethesda, MD 20817	301 530-4222, Ext. 3240	301 493-0776
DynaMed Integrated Care, Inc.	Statewide	Ron Holman, Ph.D. President	21050 Vanowen Street Canoga Park, CA 91303	818 704-1444 800 321-2843	818 704-9339
Value Behavioral Health and Iowa Partners: Tri-State Behavioral Health Associates, Capstone Behavioral Resources, Iowa Behavioral Health Partners, PCA-Iowa and U of I Affiliated Health Partners	Statewide	Edith L. Jardine, COO Public Sector Division	3110 Fairview Park Drive Falls Church, VA 22041	703 205-6660	703 876-5644 e-mail: and_Palumbo_Chis holm@VBH.com
Value Behavioral Health, Inc.	Statewide	Edith L. Jardine, COO Public Sector Division	"	703 205-6660	"
MHNet	Statewide	Richard Wright Senior Vice President Business Development	Mental Health Network 1250 Capitol of Texas Highway South Building 3, Suite 201 Austin, Texas 78746	512 347-7900	512 347-1810 e-mail: Rwright@mhnet.co m
Options Health Care	Statewide	Laura I. DeVault, Executive Director Product Management and Development	240 Corporate Blvd Norfolk VA 23502	757 459-5128	757 459-5219 e-mail: devault1@optionsh ealthcare.com
ValueOptions	Statewide	Laura I. DeVault, Executive Director Product Management and Development	"	757 459-5128	"
MBCI/NCA, L.L.C.	Statewide	Joan Discher, Co-operating Manager	4900 University Avenue Suite 204 West Des Moines Iowa 50266-0129	515 223-0306	e-mail: Jdischer@MBC- Net.com
Merit Behavioral Care Corporation of Iowa	Statewide	Joan Discher, Chief Operating Officer	"	515 223-0306	"

REGION 1
NORTHWEST

REGION 2
NORTH CENTRAL

REGION 3
NORTHEAST



SOUTHWEST
REGION 4

CENTRAL
REGION 5

SOUTHEAST
REGION 6

LIST OF IOWA COUNTIES BY REGION

REGION	CO # and NAME	CO # and NAME
REGION 1: NORTHWEST	5 Audubon	60 Lyon
	11 Buena Vista	67 Monona
	13 Calhoun	71 O'Brien
	14 Carroll	72 Osceola
	18 Cherokee	74 Palo Alto
	21 Clay	75 Plymouth
	24 Crawford	76 Pocahontas
	30 Dickinson	81 Sac
	32 Emmet	83 Shelby
	37 Greene	84 Sioux
	39 Guthrie	94 Webster
	40 Hamilton	97 Woodbury
	46 Humboldt	99 Wright
	47 Ida	
REGION 2: NORTH CENTRAL	8 Boone	64 Marshall
	17 Cerro Gordo	66 Mitchell
	34 Floyd	79 Poweshiek
	35 Franklin	85 Story
	41 Hancock	86 Tama
	42 Hardin	95 Winnebago
	55 Kossuth	98 Worth
REGION 3: NORTHEAST	3 Allamakee	28 Delaware
	6 Benton	31 Dubuque
	7 Black Hawk	33 Fayette
	9 Bremer	38 Grundy
	10 Buchanan	45 Howard
	12 Butler	49 Jackson
	19 Chickasaw	53 Jones
	22 Clayton	57 Linn
	23 Clinton	96 Winneshiek
REGION 4: SOUTHWEST	1 Adair	61 Madison
	2 Adams	65 Mills
	15 Cass	69 Montgomery
	20 Clarke	73 Page
	25 Dallas	78 Pottawattamie
	27 Decatur	80 Ringgold
	36 Fremont	87 Taylor
	43 Harrison	88 Union
REGION 5: CENTRAL	50 Jasper	77 Polk
	63 Marion	91 Warren
REGION 6: SOUTHEAST	4 Appanoose	58 Louisa
	16 Cedar	59 Lucas
	26 Davis	62 Mahaska
	29 Des Moines	68 Monroe
	44 Henry	70 Muscatine
	48 Iowa	82 Scott
	51 Jefferson	89 Van Buren
	52 Johnson	90 Wapello
	54 Keokuk	92 Washington
	56 Lee	93 Wayne

Attachment to Section 2
Revised May 14, 1998

**EVALUATOR PANEL
FOR THE
IOWA PLAN FOR BEHAVIORAL HEALTH**

Evaluator Name	Area of Expertise	Address
Rhonda Robinson-Beale, M.D.	Psychiatry/ Managed Care	Detroit, MI 48202
Ruth L. Mosher	Iowa Council on Human Services	West Des Moines, IA 50266
Dee Paul-Troutman, RN	Behavioral health; former HCFA QA reviewer	Fairport NY 14450
Margaret M. Buckton	Legislative Fiscal Analyst	Des Moines, IA 50319
Jeannine Peterson	Substance abuse, managed care, minority programming	Harrisburg, PA 17108
Gerald A. Kuncl	Commission on Substance Abuse	Glenwood, IA 51534
James Verdier	Medicaid, state health policy issues	Washington, D.C. 20024

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SECTION 8...

EVALUATION OF PROPOSALS

The General Assembly of the State of Iowa has given the following direction to the Department:

In any managed care contract for mental health or substance abuse services entered into by the Department (DHS) on or after July 1, 1997, the request for proposals shall allow for coverage by the contractor on a regional or statewide basis. The Department shall consult with the chairpersons and ranking members of the joint appropriations subcommittee on human services in developing the request for proposals and in evaluating the responses. In determining whether a contract shall be entered into to provide regional or statewide coverage, the department shall consider the most effective means of providing access to and delivery of services to recipients of services and shall consider the cost-effectiveness of the particular proposal.

House File 0175, Section 7, Paragraph 2.a.

8.1 EVALUATION FOR COMPLETENESS AND COMPLIANCE

Each proposal submitted will be evaluated for compliance with the rules for format and content established in this RFP. Those which are determined to comply will be provided to the Evaluator Panel. Those which do not comply will be rejected. Bidders whose proposals are rejected will be notified within 10 working days of the Departments' decision to reject.

A proposal will not be considered to be in compliance unless the Departments also received a Letter of Intent to Bid as required in Section 2.6; the submitted proposal must be consistent with the Letter of Intent to Bid in terms of both the entity(ies) submitting the proposal as well as the nature of the proposal (regional or statewide).

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36 **8.2 EVALUATION FOR STATEWIDE COVERAGE**

37 It is the intention of the Departments that all regions of the State be covered by the Iowa Plan.
38 Therefore all regional proposals submitted will be reviewed by the Departments' staff to
39 determine whether regional bids submitted could, in combination, allow for statewide coverage.
40 If at least one bid for each of the six regions is not received within deadlines established in
41 Section 2.14, and if at least one bid for each of the six regions does not comply with the rules for
42 completeness and compliance established in this RFP, no regional bids will be evaluated. Should
43 the Departments determine that statewide coverage would not be possible based on regional bids
44 submitted, all bidders will be notified within 10 working days of such a determination.

45

46 **8.3 EVALUATOR PANEL**

47 The Departments will establish an Evaluator Panel to evaluate all proposals which are
48 determined to be complete and in compliance as set forth in Section 8.1. The Evaluator Panel
49 will independently review each proposal and may, at the discretion of the Departments, meet as a
50 group to discuss the proposals. See Attachments to Section 2 for a list of the members of the
51 Evaluator Panel.

52

53 **8.4 DESIGN FOR THE EVALUATION PROCESS**

54 The Evaluator Panel will evaluate each proposal which meets the criteria for completeness and
55 compliance. To accommodate the Legislative requirement that proposals be allowed on a
56 regional and statewide basis, the Evaluation Process will be conducted in the following manner:

- 57 1) The Technical Component of each proposal will be evaluated and scored according to the
58 criteria below.
- 59 2) Before the Technical Component scores are finalized, the Budget Worksheet from Section
60 7A shall be scored based on how well it demonstrates an approach which is consistent with
61 the other elements of the Technical Component.
- 62 3) The score of the Budget Worksheet will then be factored into the score for the Technical
63 Component.
- 64 4) The Evaluator Panel will then score the Cost Component of each proposal.
- 65 5) A total score will be assigned to each proposal which is the sum of the score on the
66 Technical Component and the score on the Cost Component.
- 67 6) Statewide bids will be ranked from highest to lowest based on the Total Score. Bids from
68 each region will be separately ranked from highest to lowest based on the Total Score.

69

70 **8.5 EVALUATION OF PROPOSALS**

71 Total points available will be divided between sections as follows:

72 **Technical Component** **75%**

- 73 • Programmatic Overview 40%
- 74 • Corporate Organization and Experience 15%
- 75 • Project Organization and Staffing 10%
- 76 • Budget Worksheet 10%

77

78 **Cost Component** **25%**

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- 80 • Narrative Description 5%
- 81 • Proposal Pricing Tables 20%

82

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84 **8.6 COMPARISON OF REGIONAL AND STATEWIDE BIDS**

85 Evaluators will compile a package of statewide coverage by selecting the highest scoring
86 proposals for each of the six regions. That combination of statewide coverage by regional
87 bidders will be compared to the top ranking statewide proposal:

88

- 89 a) The quality of managed behavioral health care which would be available through regional
90 contractors will be calculated as a weighted average score. The weighted average will be
91 computed by multiplying the total score of the highest scoring proposal for each region by
92 the enrollment for that region as of December 1997 (See Attachments to Section 8), then
93 adding all six regional scores and dividing by the statewide enrollment as of December 1997
- 94 b) The quality of managed behavioral health care which would be available through a statewide
95 contractor will be the score assigned to the top ranking statewide proposal.

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98 **8.7 RECOMMENDATIONS OF EVALUATOR PANEL**

99 The Evaluator Panel will make a recommendation to the Directors which may include, but is not
100 limited to: statewide contracting or regional contracting; the name of one or more bidders
101 recommended for selection; a recommendation for on-site presentations by one or more bidders;
102 or a recommendation that no proposals be selected.

103 The Directors will consider the recommendations of the Evaluator Panel as well as information
104 from reference checks and other such information the Directors consider relevant.

105

106 **8.8 DECISION BY THE DIRECTORS**

107 The Directors will not be bound by the recommendation(s) of the Evaluator Panel. Decisions on
108 whether or not to award the contract, to which bidder(s) to award the contract(s) if it is decided
109 to do so, and whether to contract on a regional or statewide basis, are at the sole discretion of the
110 Directors. In making their selection, the Directors will take into consideration:

- 111 • the most effective means of providing access to and delivery of services to recipients and
112 services
- 113 • the cost effectiveness of the options, including the administrative cost to the Departments
- 114 • the long-term interests of the State of Iowa

115

116 It is the Departments' intention that all regions of the State be covered by the Iowa Plan. The
117 Departments reserve the right to take steps necessary to assure statewide coverage including, but
118 not limited to re-opening the procurement process.

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121 **8.9 BIDDER ACCEPTANCE OF EVALUATION DESIGN**

122 An entity submitting a proposal in response to this RFP certifies that it accepts the evaluation
123 design as fair and reasonable and that the entity has no legal challenge against the evaluation
124 process set forth in this Section.

125

**PERFORMANCE INDICATORS
CARRYING MEDICAID FINANCIAL PENALTIES
for the
IOWA PLAN FOR BEHAVIORAL HEALTH
for
CONTRACT PERIOD #1**

The Departments will assess penalties if the Contractor fails to comply with the minimum performance levels specified below for any three months in any six-month period (for monthly measures) or for any two quarters in a contract year (for quarterly measures). Unless specified otherwise, all performance indicators relate only to mental health services funded through Medicaid. It is the intention of the Departments to establish certain performance indicators for the delivery of substance abuse services and to monitor the Contractor's performance, without attaching financial during the first contract period. In the second contract period, the Departments may attach penalties to selected performance indicators relating to substance abuse treatment.

The Departments also may apply penalties for non-compliance with any requirements established in the RFP or in the Contract.

No.	Measure	MHAP* Contract Year #3 Performance Indicator on which it is based/adapted	Methodology	Source of Data	Change from current indicator, if any
1.	<u>Consumer Involvement</u> New enrollee information, including a list of network providers, will be mailed to each new enrollee in the Iowa Plan within 10 working days after the first time their name was provided to the Contractor	#1	When the name of a new enrollee is provided to the Contractor, no more than 10 working days shall elapse before the Contractor mails required new enrollee information on mental health and substance abuse services. The standard shall be met for 95% of all enrollees, and in no case shall more than 15 working days elapse before all new enrollees are mailed enrollment information	Contractor tracking of dates on which eligibility information was provided and new enrollee mailings were done	Changes standard to working days

No.	Measure	MHAP* Contract Year #3 Performance Indicator on which it is based/adapted	Methodology	Source of Data	Change from current indicator, if any
2.	<p><u>Quality of Care</u> A discharge plan shall be documented on the day of discharge for 86% of enrollees being discharged from inpatient settings, partial hospitalization and day treatment programs</p>	#36	<p>Numerator: The number of enrollees who have been discharged from inpatient settings, partial hospitalization and day treatment programs for whom a discharge plan was documented in the record on the day of discharge Denominator: The number of enrollees discharged from inpatient settings, partial hospitalization and day treatment programs (excluding persons who left against medical advice)</p>	Contractor on-site reviews of patient records	Current performance level is 86%
3.	<p><u>Quality of Care</u> The percentage of enrollees under the age of 18 discharged from inpatient settings to a homeless or emergency shelter shall not exceed 3% of all inpatient discharges of children under the age of 18</p>	#38	<p>Numerator: The number of enrollees under the age of 18 who were transferred to a homeless or emergency shelter upon discharge from inpatient care Denominator: The number of enrollees under the age of 18 discharged from inpatient care</p>	Contractor generate report based on data reported on discharge destinations	Current performance is 3.2%
4.	<p><u>Quality of Care</u> 85% of enrollees who received services in an emergency room, and for whom inpatient care was requested but not authorized, shall have a follow-up contact within 72 hours of the date the Contractor is notified of the emergency room service</p>	#37	<p>Numerator: The number of enrollees who were served in an emergency room, for whom inpatient care was requested and denied, and who received a documented follow-up contact within 72 hours of the date the Contractor was notified of the emergency room service Denominator: The number of enrollees who were served in an emergency room, for whom inpatient care was requested and denied</p>	Contractor generate report based on provider notifications and paid claims files	Maintains current standard and current performance level

No.	Measure	MHAP* Contract Year #3 Performance Indicator on which it is based/adapted	Methodology	Source of Data	Change from current indicator, if any
5.	<u>Quality of Care</u> The Contractor shall arrange or participate in at least 20 treatment planning conferences per month.	#43	The number of times during the calendar month in which staff representing the Contractor participated in a pre-scheduled conference call or face-to-face meeting in which persons authorized to commit funds from at least one other funding stream worked with or on behalf of an enrollee to design or revise a treatment plan	Contractor devise tracking system to report on staff participation	Tightens current standard to include only pre-scheduled treatment planning conferences
6.	<u>Access</u> At least 90% of the top MHAP* fee-for-service providers of mental health service shall be in network provider status with the Contractor	New	Numerator: the number of top MHAP* fee-for-service providers under network contract to the Contractor Denominator: as measured by dollars paid by under the MHAP* program, the 50 top providers of mental health services	Contractor report quarterly based on membership in provider panel	New measure
7.	<u>Network Management</u> 85% of IMSACP Iowa-based providers of ASAM IJPC levels of care shall be in the Contractor's network	New	Numerator: the number of IMSACP Iowa-based providers of ASAM IJPC levels of care under network contract to the Contractor Denominator: the number of IMSACP Iowa-based providers of ASAM IJPC levels of care	Contractor report quarterly based on membership in provider panel	New measure
8.	<u>Claims Payment</u> Claims shall be paid or denied within the following time periods: 85% within 14 calendar days 90% within 30 calendar days 100% within 90 calendar days	#54	Times shall be calculated from the date the claim is received by the Contractor until the date the check or denial letter is mailed to the provider. This standard relates to the payment of claims for Medicaid-funded substance abuse and mental health services as well as SPP-funded services	Contractor develop tracking system	Same as current standard

No.	Measure	MHAP* Contract Year #3 Performance Indicator on which it is based/adapted	Methodology	Source of Data	Change from current indicator, if any
9.	<u>Network Management</u> Credentialing of all providers applying for network provider status shall be completed within 60 calendar days of the receipt of all required documentation	#57	Completion time shall be tracked from the time all required paperwork is provided to the Contractor until the time a written communication is mailed to the provider notifying them of the Contractor's determination; this measure applies to credentialing of providers for mental health, substance abuse, and SPP services	Contractor develop tracking system	Current standard is 75 days
10.	<u>Network Management</u> Revisions to the Provider Manual shall be distributed to all network providers at least 30 days prior to the effective date of the revisions.	New	Mailing dates of provider manual material shall be at least 30 calendar days prior to the effective date of material contained in the mailing; this measure applies to information for all network providers including those who provide mental health, substance abuse and SPP services	Contractor develop tracking system	New measure

The Departments reserve the right to audit at any time the Contractor records upon which performance indicator reports are based.

**PERFORMANCE MEASURES
CARRYING FINANCIAL PENALTIES
FOR THE
DPH FUNDING STREAM
FOR THE
IOWA PLAN FOR BEHAVIORAL HEALTH
SUBSTANCE ABUSE SERVICES
FOR
CONTRACT PERIOD 1**

No.	Measure	Methodology	Source of Data
1.	<u>Minimum Number:</u> The contractor shall meet the minimum number of unduplicated DPH clients.	Number of unduplicated clients in accordance with contract condition with DPH source of payment.	SARS
2.	<u>Client Mix:</u> The contractor shall maintain the appropriate percentage of client mix as outlined on the Minimum Number Client Mix Attachment.	Percent of clients in accordance with contract conditions with DPH source of payment.	SARS

Medicaid Capitation Rates for Iowa Plan Enrollees

This attachment includes documents which display the following

- Upper Payment Limit per rate cell
- Contract payment amount (a percentage of the UPL) per rate cell
- Two documents provided by Milliman and Robertson, Inc. displaying member months by age, sex, category of aid, region and statewide for SFY 1995. The calculations shown in these documents do not include the projected 15,600 Medicaid beneficiaries which DHS anticipates may result from Iowa's proposed implementation of the State Children's Health Insurance Program (SCHIP)

A document describing the actuarial determination of the upper payment limit will be available through the Resource Room.

**MEDICAID UPPER PAYMENT LIMIT
FOR THE IOWA PLAN FOR BEHAVIORAL HEALTH**

TABLE 1-A IOWA MEDICAID SFY 1999 IOWA PLAN UPPER PAYMENT LIMIT FEMALE					
Category/Age Range	FMAP under 18	FMAP 18 and over	SSI under 18	SSI 18 and over	Dual Eligibles under age 65
Region 1	\$13.42	\$20.82	\$105.36	\$73.80	\$44.12
Region 2	12.88	21.51	92.15	74.88	43.99
Region 3	11.54	20.99	100.08	73.86	42.22
Region 4	13.42	21.51	105.36	73.50	42.22
Region 5	13.42	21.51	105.36	80.21	62.19
Region 6	10.18	20.86	82.12	73.50	42.22
Statewide	12.13	21.13	97.58	74.71	\$45.38

TABLE 1-B IOWA MEDICAID SFY 1999 IOWA PLAN UPPER PAYMENT LIMIT MALE					
Category/Age Range	FMAP under 18	FMAP 18 and over	SSI under 18	SSI 18 and over	Dual Eligibles under age 65
Region 1	\$16.80	\$32.56	\$122.63	\$82.02	\$48.45
Region 2	16.83	32.32	108.94	87.97	52.19
Region 3	15.30	32.76	121.48	86.10	48.45
Region 4	16.83	32.32	122.63	82.02	48.45
Region 5	16.83	33.05	122.63	108.31	63.17
Region 6	15.09	32.32	102.68	82.02	48.45
Statewide	16.04	32.54	116.71	87.47	50.63

IOWA PLAN FOR BEHAVIORAL HEALTH
IOWA MEDICAID CAPITATION RATES
FOR ENROLLEES FOR CONTRACT PERIOD 1

TABLE A

Contract Rate for Medicaid Capitation

FEMALE Rate cells are calculated at 96% of the UPL

Category Age Range	FMAP under 18	FMAP 18 and over	SSI under 18	SSI 18 and over	Dual Eligibles under age 65
Region 1	\$ 12.88	\$ 19.99	\$ 101.15	\$ 70.85	\$ 42.36
Region 2	\$ 12.36	\$ 20.65	\$ 88.46	\$ 71.88	\$ 42.23
Region 3	\$ 11.08	\$ 20.15	\$ 96.08	\$ 70.91	\$ 40.53
Region 4	\$ 12.88	\$ 20.65	\$ 101.15	\$ 70.56	\$ 40.53
Region 5	\$ 12.88	\$ 20.65	\$ 101.15	\$ 77.00	\$ 59.70
Region 6	\$ 9.77	\$ 20.03	\$ 78.84	\$ 70.56	\$ 40.53
Statewide	\$ 11.64	\$ 20.28	\$ 93.68	\$ 71.72	\$ 43.56

TABLE B

Contract Rate for Medicaid Capitation

MALE Rate cells are calculated at 96% of the UPL

Category Age Range	FMAP under 18	FMAP 18 and over	SSI under 18	SSI 18 and over	Dual Eligibles under age 65
Region 1	\$ 16.13	\$ 31.26	\$ 117.72	\$ 78.74	\$ 46.51
Region 2	\$ 16.16	\$ 31.03	\$ 104.58	\$ 84.45	\$ 50.10
Region 3	\$ 14.69	\$ 31.45	\$ 116.62	\$ 82.66	\$ 46.51
Region 4	\$ 16.16	\$ 31.03	\$ 117.72	\$ 78.74	\$ 46.51
Region 5	\$ 16.16	\$ 31.73	\$ 117.72	\$ 103.98	\$ 60.64
Region 6	\$ 14.49	\$ 31.03	\$ 98.57	\$ 78.74	\$ 46.51
Statewide	\$ 15.40	\$ 31.24	\$ 112.04	\$ 83.97	\$ 48.60

Iowa Plan - Medicaid MH/SA Capitation Rate Setting

SFY 1995 Eligible Member Months

Category of Aid	(All)
Region	(All)
Gender	(All)

Sum of Months	Age		Grand Total
	<18	18-64	
Total	1,481,972	1,021,589	2,503,561

Eligibles 123,497 85,132 208,629

Category of Aid	Region	Age		Grand Total
		<18	18-64	
Dual	1	4,899	35,842	40,741
	2	2,731	20,524	23,255
	3	6,433	46,831	53,264
	4	3,046	19,438	22,484
	5	2,545	24,099	26,644
	6	5,274	41,110	46,384
Dual Total		24,928	187,844	212,772
FMAP	1	205,944	84,333	290,277
	2	128,394	59,599	187,993
	3	317,491	140,397	457,888
	4	150,296	67,606	217,902
	5	230,022	103,197	333,219
	6	336,294	154,265	490,559
FMAP Total		1,368,441	609,397	1,977,838
SSI	1	14,674	34,742	49,416
	2	8,647	20,784	29,431
	3	24,583	56,048	80,631
	4	8,670	22,990	31,660
	5	13,341	32,728	46,069
	6	18,688	57,056	75,744
SSI Total		88,603	224,348	312,951
Grand Total		1,481,972	1,021,589	2,503,561

Region	Age		Grand Total
	<18	18-64	
1	225,517	154,917	380,434
2	139,772	100,907	240,679
3	348,507	243,276	591,783
4	162,012	110,034	272,046
5	245,908	160,024	405,932
6	360,256	252,431	612,687
Grand Total	1,481,972	1,021,589	2,503,561

Category of Aid	Region	Gender		Grand Total
		Male	Female	
Dual	1	20,025	20,716	40,741
	2	11,213	12,042	23,255
	3	26,421	26,843	53,264
	4	10,933	11,551	22,484
	5	12,358	14,286	26,644
	6	22,247	24,137	46,384
Dual Total		103,197	109,575	212,772
FMAP	1	117,342	172,935	290,277
	2	74,967	113,026	187,993
	3	181,266	276,622	457,888
	4	87,220	130,682	217,902
	5	128,765	204,454	333,219
	6	193,279	297,280	490,559
FMAP Total		782,839	1,194,999	1,977,838
SSI	1	22,472	26,944	49,416
	2	13,784	15,647	29,431
	3	38,565	42,066	80,631
	4	14,125	17,535	31,660
	5	22,409	23,660	46,069
	6	35,793	39,951	75,744
SSI Total		147,148	165,803	312,951
Grand Total		1,033,184	1,470,377	2,503,561

Iowa Plan - Medicaid MH/SA Capitation Rate Setting

SFY 1995 Eligible Member Months

Region	(All)
Sex	(All)

Sum of Months	Age		
Category of Aid	<18	18-64	Grand Total
Dual	24,928	187,844	212,772
FMAP	1,368,441	609,397	1,977,838
SSI	88,603	224,348	312,951
Grand Total	1,481,972	1,021,589	2,503,561

Sum of Months	Category of Aid			Grand Total
	Dual	FMAP	SSI	
1	40,741	290,277	49,416	380,434
2	23,255	187,993	29,431	240,679
3	53,264	457,888	80,631	591,783
4	22,484	217,902	31,660	272,046
5	26,644	333,219	46,069	405,932
6	46,384	490,559	75,744	612,687
Grand Total	212,772	1,977,838	312,951	2,503,561

Sum of Months		Age		Gender		<18 Total	18-64		18-64 Total	Grand Total
Category of Aid	Region	<18		18-64						
		Male	Female	Male	Female					
Dual	1	2,718	2,181	4,899	17,307	18,535	35,842	40,741		
	2	1,444	1,287	2,731	9,769	10,755	20,524	23,255		
	3	3,369	3,064	6,433	23,052	23,779	46,831	53,264		
	4	1,567	1,479	3,046	9,366	10,072	19,438	22,484		
	5	1,391	1,154	2,545	10,967	13,132	24,099	26,644		
	6	2,826	2,448	5,274	19,421	21,689	41,110	46,384		
Dual Total		13,315	11,613	24,928	89,882	97,962	187,844	212,772		
FMAP	1	103,492	102,452	205,944	13,850	70,483	84,333	290,277		
	2	63,784	64,610	128,394	11,183	48,416	59,599	187,993		
	3	157,972	159,519	317,491	23,294	117,103	140,397	457,888		
	4	74,421	75,875	150,296	12,799	54,807	67,606	217,902		
	5	113,778	116,244	230,022	14,987	88,210	103,197	333,219		
	6	165,971	170,323	336,294	27,308	126,957	154,265	490,559		
FMAP Total		679,418	689,023	1,368,441	103,421	505,976	609,397	1,977,838		
SSI	1	9,181	5,493	14,674	13,291	21,451	34,742	49,416		
	2	5,636	3,011	8,647	8,148	12,636	20,784	29,431		
	3	15,338	9,245	24,583	23,227	32,821	56,048	80,631		
	4	5,472	3,198	8,670	8,653	14,337	22,990	31,660		
	5	8,401	4,940	13,341	14,008	18,720	32,728	46,069		
	6	11,357	7,331	18,688	24,436	32,620	57,056	75,744		
SSI Total		55,385	33,218	88,603	91,763	132,585	224,348	312,951		
Grand Total		748,118	733,854	1,481,972	285,066	736,523	1,021,589	2,503,561		